

Joseph F. Postnikoff
State Bar No. 16168320
Amanda B. Hernandez
State Bar No. 24069911
GOODRICH POSTNIKOFF &
ALBERTSON, LLP
777 Main Street, Suite 1360
Fort Worth, Texas 76102
Telephone: 817.347.5261
Telecopy: 817.335.9411
jpostnikoff@gpalaw.com
ahernandez@gpalaw.com

PROPOSED COUNSEL FOR THE DEBTORS IN POSSESSION

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

IN RE:	§	
	§	
PAWNSHOP MANAGEMENT	§	Case No. 11-41326-DML-11
COMPANY, LLC	§	
	§	In Proceedings Under Chapter 11
Debtor.	§	

IN RE:	§	
	§	
PAWNSHOP OPERATING	§	Case No. 11-41327-RFN-11
COMPANY, LLC	§	
	§	Expedited Hearing Requested
Debtor.		

**MOTION FOR PRELIMINARY AND CONTINUING
AUTHORITY TO USE CASH COLLATERAL**

TO THE HONORABLE JUDGE OF SAID COURT:

COME NOW, Pawnshop Management Company, LLC and Pawnshop Operating Company, LLC, the Debtors in Possession in the referenced Chapter 11 bankruptcy proceeding (collectively, the "Debtors"), and file this Motion for Preliminary and Continuing Authority to Use Cash Collateral

(the “Motion”) and in support thereof would respectfully show unto the Court as follows:

Jurisdiction

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334 and 157. This is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2)(A), (M) and (O).

Bankruptcy

2. Pawnshop Management Company, LLC (“PMC”) filed a Voluntary Petition for relief under chapter 11 of the United States Bankruptcy Code on March 1, 2011. PMC has continued to operate as debtor in possession pursuant to 11 U.S.C. §§ 1107 and 1108. The United States Trustee has not formed an official committee of unsecured creditors.

3. Pawnshop Operating Company, LLC (“POC”), an affiliate of PMC, filed its Voluntary Petition for relief under Chapter 11 of the United States Bankruptcy Code on March 1, 2011. POC has continued to operate as a debtor-in-possession pursuant to 11 U.S.C. §§ 1107 and 1108.

Summary of Relief Requested

4. In this Motion, the Debtors seek authority to use available cash deposits and income generated from post-petition operations, against which the secured creditors assert liens, to fund ongoing expenses of operation.

Background

5. PMC and POC are Delaware limited liability companies with five retail and service locations in Florida doing business as Southern Pawn (“Southern Pawn”). PMC and POC assist the non banking public, individuals preferring or required to use cash and/or money orders to manage their financial affairs, by providing short-term secured loans and selling pre-owned merchandise. To that end, PMC and POC regularly hold merchandise deposited by clients in accordance with state

regulations.

6. PMC and POC work jointly sharing the operations and management responsibilities of Southern Pawn. PMC is primarily responsible for the managerial aspects of Southern Pawn while POC focuses on the operational activities of the business. At the height of operations, PMC and POC owned and operated sixteen stores, the reduction of which was accomplished by sales of selected locations.

7. Financing for PMC and POC was fulfilled, in part, through the issuance of bonds by wholly owned subsidiaries of PMC. Bond fund issuances (the "Bond Funds") A-H were issued by the subsidiaries since May of 2000. The principal amount raised by Bond Funds B-H was approximately \$29 million. The financing raised through the Bond Funds was transferred initially to PMC then to POC. The financing raised by the Bond Funds was primarily used for the operations of Southern Pawn. As such, PMC and POC are inextricably intertwined in the financing, management and operations of Southern Pawn.

8. As of March 1, 2011, the following lien holder asserted secured claims against PMC:

- Managed Money, Inc. asserted a lien against personal property located a 1045 Main Street, Dunedin, Florida 34698 securing a claim in the estimated amount of \$250,000.

9. As of March 1, 2011, the following lien holders asserted secured claims against POC:

- Managed Money, Inc. asserted a lien against personal property located a 1045 Main Street, Dunedin, Florida 34698 in the amount of \$250,000;
- Legacy Equity Fund, Inc. asserted a lien against, personal property of the Debtors located at 29661 US Highway 19 N, Clearwater, FL 33761 securing a claim in the amount of \$1,500,000;
- Internal Revenue Service asserted a lien against POC in the amount of

\$53,515.86 securing a claim in the amount of \$1,265,191.71;

- Jemet Holdings, LLC, as agent for Bondholders of PMC Income Fund Series C-H, asserted a lien against personal property securing a claim of the six bond funds with an aggregate total of approximately \$28,811,921.

10. There are no other liens, claims or encumbrances against PMC or POC except for 2011 ad valorem property taxes.

11. On the Petition Date, PMC and POC had a balance of approximately \$66,221.55 of operating funds on hand.

Use of Cash Collateral Requested

12. Debtors have prepared cash flow projections in monthly budget increments beginning March 2, 2011 and ending September 2, 2011. Such projections are set forth on the Six Month Cash Budget (the "Six Month Budget") attached hereto and incorporated herein as Exhibit "A". The Six Month Budget projects gross profit of \$1,055,000 from monthly operations during the six month period at an average of \$175,833 per month.

13. Expenses anticipated to be incurred by the Debtors are likewise detailed on the Six Month Budget and are projected at a total of \$957,779 and at an average of \$159,630 on a monthly basis.

14. Debtors propose to use the deposits which were on hand on the Petition Date, together with money received from operations (collectively, the "Cash Collateral"), to fund post-petition operations.

15. Satisfaction of the monthly expenses is necessary in order to preserve the Debtors' Estates for the benefit of Managed Money, Inc., Legacy Equity Fund, Inc., the Internal Revenue

Service, and Jemet Holdings, LLC (the “Secured Creditors”) and must be satisfied in order to avoid immediate and irreparable harm to the estate.

Immediate and Continuing Need for Use of Cash Collateral

16. In order to continue operations post-petition, Debtors must maintain Southern Pawn and its operations and satisfy ordinary expenses of post-petition operations as detailed in the Budget and the Critical Budget (“Critical Budget”) attached hereto and incorporated herein as Exhibit “B”.

17. If Debtors are unable to fund post-petition operations, the value of Southern Pawn will rapidly decline as customers display their dissatisfaction. The harm to the estate of the Debtors will be irreparable.

18. During the initial two week period following the Petition Date, Debtors project expenses of \$106,179 which must be satisfied as set forth on the Critical Budget. Debtors assert use of Cash Collateral to satisfy the \$106,179 in immediate expenses is necessary in order to avoid immediate and irreparable harm to the estate pending a final hearing.

19. Debtors have no other adequate source of financing other than the Cash Collateral identified herein.

Statutory Predicate

20. Pursuant to the provisions of 363(c)(2) of the Bankruptcy Code:

The trustee may not use, sell, or lease cash collateral under a paragraph (1) of this subsection unless -

- (A) each entity that has an interest in such cash collateral consents; or
- (B) the court, after notice and a hearing, authorizes such use, sale, or lease in accordance with the provisions of this section.

11 U.S.C. § 363(c)(2).

Relief Requested

21. Debtors seek authority to use Cash Collateral consistent with the Six Month Budget and Critical Budget attached hereto as Exhibits “A” and “B” on a preliminary and continuing basis.

22. Satisfaction of the monthly expenses is necessary in order to preserve Southern Pawn for the benefit of the Secured Creditors and other creditors of the estate and must be satisfied in order to avoid immediate and irreparable harm to the estate.

23. Debtors assert the use of Cash Collateral as proposed herein is in the best interest of the Debtors, the Secured Creditors and other creditors of the estates of the Debtors.

24. Further, Debtors believe the alleged interests of the Secured Creditors are adequately protected by the value of the property securing their claims.

25. As adequate protection for the interests of the Secured Creditors, the Debtors currently maintain and will continue to maintain appropriate insurance coverage at acceptable levels. Evidence of such insurance will be provided upon request.

26. As further adequate protection for the interests of the Secured Creditors, the Debtors propose to deposit and hold all funds from operations pre and post-petition in a debtor in possession account and to provide accountings with respect to Southern Pawn to the Secured Creditors on a monthly basis.

27. As further adequate protection for the interests of the Secured Creditors, the Debtors propose the extension of a continuing and replacement lien against all post-petition property of the estate. Such post-petition lien shall attach in the order of priority as established by the laws of the State of Texas or other applicable law. The Debtors make no admission as to the nature, extent or

validity of asserted pre-petition liens, claims, encumbrances, and other interests, and reserves the right to file appropriate objections and/or commence appropriate adversary proceedings as may be necessary and appropriate under the laws of the State of Texas, the Bankruptcy Code or other applicable law

28. Debtors assert that notice of a preliminary hearing on this Motion via the Court's ECF filing system together with regular First Class United States mail and email or fax service upon (a) the United States Trustee, (b) all parties asserting an interest in the Cash Collateral, (c) all parties having filed a notice of appearance, and (d) the 20 largest unsecured creditors is adequate under the circumstances.

WHEREFORE, PREMISES CONSIDERED, Debtors respectfully pray for authorization to use cash collateral as proposed herein on a preliminary and continuing basis and for such other and further relief, at law or in equity, to which the Debtors may be shown justly entitled.

Dated this the 2nd day of March, 2011.

Respectfully submitted,

GOODRICH POSTNIKOFF & ALBERTSON, LLP
777 Main Street, Suite 1360
Fort Worth, Texas 76102
Telephone – 817.347.5261
Telecopy – 817.335.9411

By: /s/ Joseph F. Postnikoff

Joseph F. Postnikoff
State Bar No. 16168320
Jpostnikoff@gpalaw.com
Amanda B. Hernandez
State Bar No. 24069911
Ahernandez@gpalaw.com

PROPOSED COUNSEL FOR THE
DEBTORS IN POSSESSION

CERTIFICATE OF CONFERENCE

I certify that immediately following commencement of the instant proceeding, I notified James Piot, representative for Managed Money via e-mail and voicemail, of the commencement of the instant proceeding and of the Debtors' intent to seek use of cash collateral on an expedited basis. James Piot has not returned my call or e-mail and it is assumed the subject motion is opposed.

I certify that immediately following commencement of the instant proceeding, I notified Richard Roark representative for Legacy Equity Fund, Inc., via e-mail and voicemail, of the commencement of the instant proceeding and of the Debtors' intent to seek use of cash collateral on an expedited basis. Richard Roark has not returned my call or e-mail and it is assumed the subject motion is opposed.

I certify that immediately following commencement of the instant proceeding, I notified Howard Borg, counsel for the Internal Revenue Service via e-mail and telephone, of the commencement of the instant proceeding and of the Debtors' intent to seek use of cash collateral on an expedited basis. Howard Borg has not returned my call or e-mail and it is assumed the subject motion is opposed.

I certify that immediately following commencement of the instant proceeding, I notified Mark Seigenbaum representative of Jemet Holdings, LLC via e-mail and telephone, of the commencement of the instant proceeding and of the Debtors' intent to seek use of cash collateral on an expedited basis. Mark Seigenbaum advised that Jemet Holdings, LLC had not engaged counsel and had not taken a position on this matter at this time.

/s/ Amanda B. Hernandez

Amanda B. Hernandez

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 2nd day of March, 2011, a copy of the foregoing Motion was served by first-class U.S. mail, postage prepaid on the persons named on the attached service list and in the manner indicated below:

Elizabeth Ziegler
Office of the United States Trustee
elizabeth.ziegler@usdoj.gov

Howard Borg
Office of the United States Attorney
howard.borg@usdoj.gov

Leo V. Carey
Internal Revenue Service
leo.v.carey@irs.gov

Elizabeth Banda Calvo
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.
Ebcalvo@pbfc.com

Mark Seigenbaum
Jemet Holdings, LLC
mnfpmc@aol.com

Richard Roark
Legacy Equity Fund, Inc.
Rroark104@aol.com

James Lester Piot
Managed Money, Inc.
Piotjl@yahoo.com

/s/ Joseph F. Postnikoff
Joseph F. Postnikoff

United States Trustee
1100 Commerce Street, Room 976
Dallas, Texas 75242

Pawnshop Management Company, LLC
and Pawnshop Operating Company, LLC
7509 Chapel Avenue
Fort Worth, Texas 76116

ADT Security
Post Office Box 371956
Pittsburgh, PA 15250

Ambit Energy
Post Office Box 660462
Dallas, Texas 75266

Thomas Anderson
4755 Chardonnay Drive
Coral Springs, Florida 33067

Ashton Agency, Inc.
4100 Metric Drive
Winter Park, Florida 32793

Attorney General
Main Justice Building, Room 511
10th & Constitution Avenue, N.W.
Washington, DC 20530

Attorney General Texas
Offices of the Attorney General
300 W. 15th Street
Austin, Texas 78701

AuldridgeGriffin
131 S. Westmeadow, Suite 200
Cleburne, Texas 76033

Tomas Avis
5711 66th Avenue N.
Pinellas Park, Florida 33781

Dennis R. Bedard
1717 N. Bayshore Drive, Suite 215
Miami, Florida 33132

Blash, LLC
950 Missouri Avenue N., Suite C
Largo, Florida 33770

Blash, LLC
c/o Johnson, Pope, Bokor, Ruppel &
Burns, LLP
Post Office Box 1100
Tampa, Florida 33601

Bright House Networks
Post Office Box 30765
Tampa, Florida 33630

Burrell Printing Company
901 Highway 685
Pflugerville, Texas 78660

Theresa P. Burton
6633 67th Lane N.
Pinellas Park, Florida 33781

Mark Anthony Cain
11785 8th Lane North, Apt. 6
St. Petersburg, Florida 33716

Tina M. Carter
3735 66 Avenue N., Apt. A
Pinellas Park, Florida 33781

Elizabeth Banda Calvo
Perdue, Brandon, Fielder, Collins
& Mott, L.L.P.
Post Office Box 13430
Arlington, Texas 76094-0430

Cintas Fire Protection
Post Office Box 636525
Cincinnati, Ohio 45236

City of Dunedin
Utility Billing Dept.
Post Office Box 2039
Dunedin, Florida 34697

City of Fort Worth Alarm Unit
1000 Throckmorton
Fort Worth, Texas 76102

City of Pinellas Park
Post Office Box 1337
Pinellas Park, Florida 33780

City of Pinellas Park
Building Development Division
Post Office Box 1100
Pinellas Park, Florida 33733

City of St. Petersburg
Post Office Box 33034
St. Petersburg, Florida 33733

City of St. Petersburg
Business Tax Division
Post Office Box 3953
St. Petersburg, Florida 33731

Comptroller of Public Accounts
Revenue Accounting Division
Bankruptcy Section
Post Office Box 13528
Austin, Texas 78711

Data Age
10225 Ulmerton Road
Unit 10-A
Largo, Florida 33771

Delaware Corporate Services, Inc.
1220 N. Market Street
Suite 850
Wilmington, Delaware 19801

J B Donnelly
Messer, Caparello & Self, P.A.
2618 Centennial Place
Tallahassee, Florida 32308

Justin A. Dye
4110 30th N.
St. Petersburg, Florida 33713

ESU Inc.
3389 Brian Road South
Palm Harbor, Florida 34685

EZCorp
1901 Capital Parkway
Austin, Texas 78746

Federal Express
Post Office Box 660481
Dallas, Texas 75266

Florida Attorney General
The Capitol PL-01
Tallahassee, Florida 32399-1050

Florida Department of Agriculture
Post Office Box 6720
Tallahassee, Florida 32314

Florida Department of Revenue
19337 US 19 North
Suite 200
Clearwater, Florida 33764

Florida Department of Revenue
5050 W. Tennessee Street
Tallahassee, Florida 32399

Florida Workforce Commission
Agency for Workforce Innovation
107 E. Madison Street
Tallahassee, Florida 32399-4120

Alina A. Gil
8473 Portulaca Avenue North
Largo, Florida 33777

Kimberly Sowden Halpenny
4604 Kenway Court
Fort Worth, Texas 76132

Micheal John Hanenberg
3210 Lake Pine Way East E-3
Tarpon Springs, Florida 34688

Harris & Company Rental Escrow
c/o Marshall S. Harris
3005 S. R. 590, Suite 200
Clearwater, Florida 33759

Harris Properties
3005 S. R. 590
Suite 200
Clearwater, Florida 33759

Ann Nicholl Hassett
8473 Portulaca Avenue
Seminole, Florida 33777

Idearc
Accounts Receivable Dept.
Post Office Box 6199009
DFW Airport, Texas 75261

Phil Iovino
9146 Northwest 21st Street
Coral Springs, Florida 33071

Internal Revenue Service
Austin, Texas 73301-0002

Internal Revenue Service
Special Procedures Staff
Mail Code 5020-DAL
1100 Commerce Street, Room 9B8
Dallas, Texas 75242

Jemet Holdings, LLC
535 Broadhollow Road
Suite A1A
Melville, NY 11747

Ronald D. Keslar
2361 Sumatran Way 73
Clearwater, Florida 33763

Leavengood, Nash, Dauval &
Boyle, P.A.
2958 First Avenue North
St. Petersburg, Florida 33713

Legacy Equity Fund, Inc.
6209 Kenwick Avenue
Fort Worth, Texas 76116

Lewis Brisbois Bisgaard & Smith
221 North Figueroa Street
Suite 1200
Los Angeles, CA 90012

Philip John Lovino
2651 Concorde Court
Clearwater, Florida 33761

Vinh P. Mai
5712 25th Avenue South
Gulfport, Florida 33707

William Scott MacDougall
419 ½ Scotland Street
Dunedin, Florida 34698

Victor A. Malo
879 2nd Avenue NE
Largo, Florida 33770

Managed Money, Inc.
13455 Noel Road, Suite 1000
Dallas, Texas 75240

Melco
Post Office Box 17039
Clearwater, Florida 33762

Michelle Gillette Mellon
4700 Westridge Avenue
Fort Worth, Texas 76116

Michael Scott Milburn
4461 45th Avenue North
St. Petersburg, Florida 33714

Sheridan Alexandra Miles
11785 8th Lane, Apt. 6, Bldg. 20
St. Petersburg, Florida 33716

Stephen W. Mitchell
Post Office Box 310
Fort Worth, Texas 76101

Mitchell Eugene Musgrove
4700 Westridge Boulevard
Fort Worth, Texas 76116

Nicholas R. Naylor
912 Highland Avenue S.
Clearwater, Florida 33756

Mark Neyland
7509 Chapel Avenue
Fort Worth, Texas 76116

Ohio Casualty
Post Office Box 6486
Carol Stream, IL 60197

Peachtree Business Checks & Forms
Post Office Box 910
Milton, Washington 98354

Pinellas County Utilities
Post Office Box 31208
Tampa, Florida 33631

Pinellas County Sheriff's Office
Sheriff's Alarm Registration
PO Drawer 2500
Largo, Florida 33779

Pinellas Park Police Department
Accounting Division
Post Office Box 1100
Pinellas Park, Florida 33781

James Lester Piot
5827 Portsmouth Lane
Dallas, Texas 75252

Pitney Bowes Global Financial
Services
Post Office Box 371887
Pittsburgh, PA 15250

PMC Income Fund Series B, LLC and
PMC Income Fund Series C, LLC
c/o Delaware Corporate Services
222 Delaware Avenue, 10th Floor
Wilmington, Delaware 19899

PMC Income Fund Series D, LLC
PMC Income Fund Series F, LLC
7509 Chapel Avenue
Fort Worth, Texas 76116

PMC Income Fund Series E, LLC
c/o Mitch Musgrove, Registered Agent
625 N. Flagler Drive, Suite 509
West Palm Beach, Florida 33401

PMC Income Fund Series G, LLC
c/o Corporate Legal Group, Plc,
Registered Agent
2161 Palm Beach Lakes Blvd., #215
West Palm Beach, Florida 33409

PMC Income Fund Series H, Inc.
c/o Delaware Corporate Services
1220 N. Market Street, Suite 850
Wilmington, Delaware 19801

Adrian Polk
86 Caldwaell Lane
Hoschton, Georgia 30548

Betsy Price, Tax Assessor
Post Office Box 961018
Fort Worth, Texas 76161

Earnest L. Price
5050 74th Street North, Apt. 2
St. Petersburg, Florida 33709

Progress Energy Florida, Inc.
Post Office Box 33199
St. Petersburg, Florida 33733

Purchase Power
Post Office Box 371874
Pittsburgh, PA 15250

Dawn M. Reed
1172 Sunderland Lane
Fort Worth, Texas 76134

Audrey M. Resop, Trustee
Resop Family Partnership
8041 Blind Pass Road
St. Pete Beach, Florida 33706

Christopher Richards
936 Georgia Avenue, Unit B
Palm Harbor, Florida 34683

Kevin J. Roe
571 Deville Drive E.
Largo, Florida 33771

Russell C. Weigel, III, P.A.
5775 Blue Lagoon Drive, Suite 100
Miami, Florida 33126

St. Petersburg Police Department
Central Cashier - Alarm Enforcement
Post Office Box 2842
St. Petersburg, Florida 33731

Maureen P. Smith
209 Somerset Lane
Palm Harbor, Florida 34684

SOI-30 of TX, Inc.
Strategic Outsourcing, Inc.
5260 Parkway Plaza Blvd.
Suite 140
Charlotte, NC 28217

Southern FL, LLC
c/o Johnson, Pope, Bokor, Ruppel &
Burns, LLP
Post Office Box 1100
Tampa, Florida 33601

Stanley Convergent Security
Solutions
Dept Ch 10651
Palatine, IL 60055

Stanley Security Solutions
55 Shuman Blvd., Suite 900
Naperville, Florida 60563

Staples Advantage
Dept DAL
Post Office Box 83689
Chicago, IL 60696

Sun Village
12300 Seminole Boulevard
Largo, Florida 33778

Sztamenits Family Ltd. Partnership
3500 McCart Avenue
Fort Worth, Texas 76110

Sztamenits Family Ltd. Partnership
921 N. Houston Street
Fort Worth, Texas 76107

Texas Workforce Commission
TEC Building - Bankruptcy
101 East 15th Street
Austin, Texas 78778

Trust Management, Inc.
Post Office Box 2288
Fort Worth, Texas 76113

Uline Shipping
2200 S. Lakeside Drive
Waukegan, IL 60085

United States Attorney
1100 Commerce Street
3rd Floor
Dallas, Texas 75242

Waste Management of Pinellas
Post Office Box 105453
Atlanta, Georgia 30348

Waste Management of Pinellas
3411 N. 40th Street
Tampa, Florida 33605

Wenzel Fenton Cabassa PA
1110 N. Florida Avenue, Suite 300
Tampa, Florida 33602

Richard J. Zorin II
5525 Gulfport Boulevard S.
Gulfport, Florida 33707